

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 133
(To be answered on the 2nd February 2023)**

INCREASE IN AIR FARE

133. ADV. A.M. ARIFF

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

(a) whether the Government is aware that there has been an enormous increase in the domestic as well as international air fares compared to the pre COVID-19 period and if so, the details thereof and the action taken thereon;

(b) whether the Government has taken note of the exorbitant hike in the international air fares especially to the Gulf Corporation Council (GCC) countries during the festival/vacation seasons and if so, the details thereof and the action taken thereon;

(c) whether the Government proposes to regulate the domestic air fares by way of capping the maximum fare that could be charged and if so, the details thereof and if not, the reasons therefor; and

(d) whether the Government proposes to bring in a comprehensive legislation with the aim of regulating the international and domestic fares and if so, the details thereof and if not, the reasons therefor?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(GEN. (DR) V. K. SINGH (RETD))

(a) to (d) The Government has received few references regarding airfare from Hon'ble Members of Parliament and from the Government of Kerala.

The airfare is market driven and is neither regulated nor established by the Government. The airlines are free to fix reasonable tariffs under the provisions of sub-rule (1) of Rule 135 of the Aircraft Rules, 1937 having regard to all relevant factors, including cost of operation, characteristics of services, reasonable profit and the generally prevailing tariff. The airlines, however, remain compliant with the regulatory provisions under Aircraft Rules, 1937 as long as the fare charged by them does not exceed the fare established and displayed on their website.

Air ticket prices generally vary depending upon the market forces including

difference in demand and supply arising due to various factors like holiday seasons, festivals, weekends etc. Airline pricing runs in multiple levels {buckets or Reservation Booking Designator (RBDs)} which are in line with practice being followed globally. Due to dynamic fare pricing, the tickets bought in advance are much cheaper than those purchased near the date of travel. The recent increase in airfare is attributable to a number of factors as under:

(i) Seasonality, i.e. in festive and holiday seasons, there is more demand for air travel.

(ii) Price of Aviation Turbine Fuel (ATF) has risen manifold due to unprecedented global geo-political situation. The major component of operational costs is on account of fuel prices.

The Government, however, as an extraordinary measure during the COVID 19 pandemic and in exercise of special powers conferred under the Aircraft Act, 1934, notified fare bands for economy tickets for scheduled domestic sector. This was done to ensure that the airlines do not charge excessive fare on one hand and also to ensure that the journey is performed only for essential purposes. The fare capping has been removed w.e.f 31.08.2022. There is no fare capping for scheduled international sector.

There is no proposal at present to modify the existing regulatory framework on tariff.
